

# Improving The Economic Mechanisms Of State Regulation And Support Of Trade Services.

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**Annotation:** This article discusses the need for trade services to be treated as a distinct sector in the regulatory process, as well as the fact that trade activities, like other services, are governed by government regulations, which are an important tool for setting prices, increasing incomes, and providing social protection. The specific significance and relevance of trade services in the development of the service sector is significant, and the country's future development of this sector is linked to government regulation and assistance.

**Keywords:** pricing, monetary policy, fiscal policy, government, trade services, tax system.

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**Introduction.** Trade services play a significant role in the development of the service sector, and the country's future development of this sector is reliant on government regulation and aid.

Uzbekistan, like other developed countries, provides clients with a variety of choices for planning and performing trade services.

The majority of supermarkets in the country's largest cities sell foreign supermarkets<sup>1</sup>:

- there are special parking spaces for customer cars;

- separate playgrounds for young children;

- there are facilities for customers to relax, cafes and bars for meals, pharmacies, vending machines for "paynet services";

- regular holding of various promotions and discounts;

- offering customers specific, additional and basic free services after the purchase of goods;

The quality of trade services to the population mainly consists of 3 components:

- quality of goods and services;

- range of goods and services (diversity);

- provision of customer service, i.e. additional services around the main service (sale of goods).

As a result, the term of "quality of sales services" to clients refers to the standard of work performed by businesses. It encompasses not only the quality of the items and their variety, but also the effectiveness of the trade and technology processes, the quality of salespeople's labor activity, and the conditions produced at the location where trade services are delivered.

The percentage of trade services in total services is now 25.8% (2020) or 56.6 trillion soums, according to the Statistics Committee of the Republic of Uzbekistan.

The development of trade services for the republic's rapid economic development creates a number of economic opportunities in which "... it serves producers, on the other hand, it serves consumers, on the third, it serves the state, and on the fourth, it serves other sectors and industries of the economy"<sup>2</sup>.

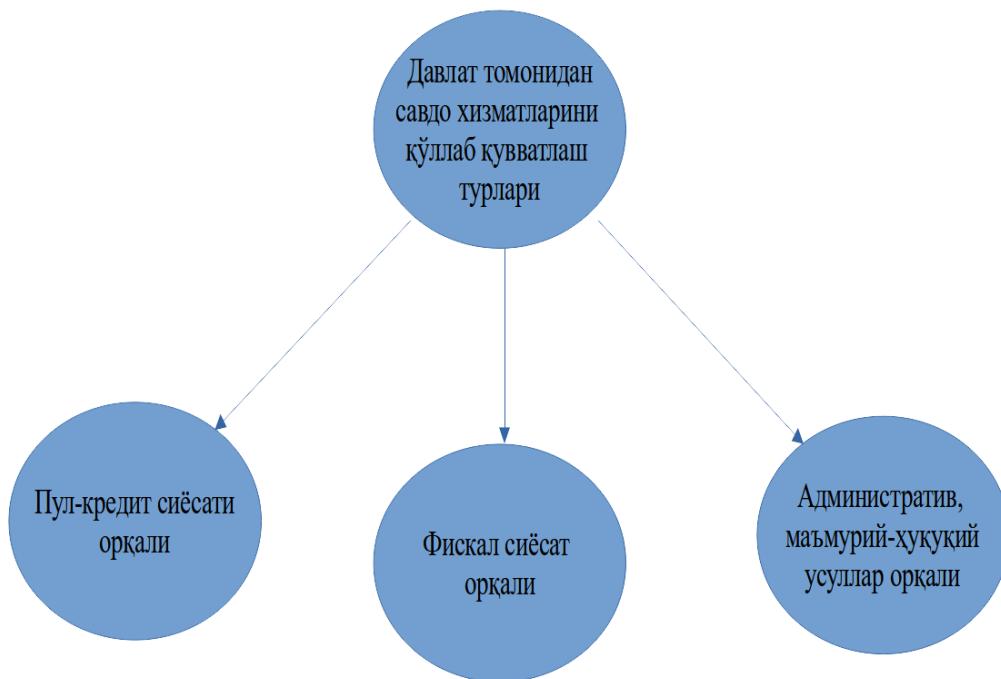
Therefore, the development of trade services in Uzbekistan is extremely relevant and requires in-depth study of government regulation.

**Analysis and results.** According to research, trade services as a distinct industry has a distinct demand in the regulatory process. These include, first, the fact that trade services, like other sorts of services, are governed by state-created regulatory and legal laws, and second, the reality that the state uses them to regulate prices, raise incomes, and provide social protection. There are three types of state assistance for trade services, in our perspective (Fig. 1). Monetary policy, fiscal policy, and administrative, administrative-legal approaches are among them. It is critical for the central bank to perform targeted foreign exchange interventions, subsidize enterprises, and provide microcredit in order to sustain trade services.

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<sup>1</sup> [http://iqtisodiyot.tsue.uz/sites/default/files/maqolalar/16\\_Shavqiyev\\_Normurodov\\_Rakhimov.pdf](http://iqtisodiyot.tsue.uz/sites/default/files/maqolalar/16_Shavqiyev_Normurodov_Rakhimov.pdf)

<sup>2</sup> Abdurakov B.A. and others. Textbook of Trade Economics "National Encyclopedia of Uzbekistan" State Scientific Publishing House. T: 2013 P.12.



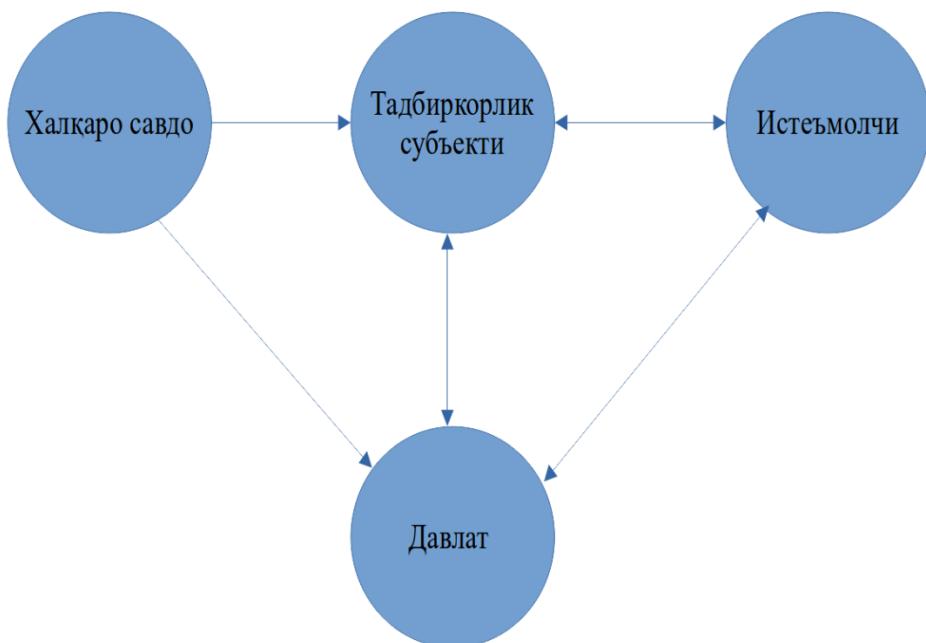
**Fig 1. Types of government support for the development of trade services.<sup>3</sup>**

The government's "soft" monetary policy, which involves lowering interest rates and expanding the money supply, will boost working capital for firms. However, it is necessary to make a decision in order to avoid a severe increase in inflation.

Fiscal policy is another sort of government support for the development of trade services. The policy of managing the flow of taxes is known as fiscal policy. This can include things like lowering the tax burden on enterprises that provide trade services, granting tax vacations, and allocating tax benefits.

The state has the ability to reduce the impact of factors that hinder the activities of business entities, both through administrative and administrative legal methods. For example, reducing bureaucratic barriers, reducing the number of business inspections.

At the same time, we have described the impact of international trade on the decisions of government and business entities in the form of a triangular diagram. (Fig 2).



**Fig 2. Impact of international trade on government and business entities.<sup>4</sup>**

<sup>3</sup> Developed by the author.

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The development of trade services in Uzbekistan is influenced by the volume of international trade, i.e. the level of demand in the countries that trade with the republic the most. International trade not only forces businesses to make business decisions, but also to change government policies aimed at ensuring macroeconomic stability.

On the basis of state regulation of trade services, the following conditions determine the economic development of the republic. Including:

- Ensures the rapid development of the industry on the basis of digital technologies (creating additional financial opportunities);
- Helps to employ those in need..
- It allows to achieve stability of prices and money circulation.
- Provides socio-economic stability in the development of the Republic and its regions.
- Provides the population with the most important food and industrial products.

In Uzbekistan formed an important legal, legal framework based on state support for trade services, in particular, in accordance with the Presidential Decree on January 28, 2022 PD-60 "Development Strategy of New Uzbekistan for 2022-2026 years". In particular, the fourth goal of the strategy is to "transform the activities of public administration on the basis of the principle of" focusing on the service of citizens". The strategy also sets the task of "ensuring the consistent implementation of the national program of the people's state", which provides for the implementation of the idea of "the state must serve the people".

Enterprises providing trade services in the Republic of Uzbekistan on the basis of conditions created by the state perform the following tasks. These include:

- Establish training of highly qualified personnel for the field of trade services.
- Promoting the development of science, research, science and technology in the field of trade.
- Prevention of various forms of corruption in trade and the elimination of the "hidden economy" on the basis of digitalization of trade enterprises and organizations.
- Strengthening cooperation and integration with enterprises in other sectors of the economy in the field of trade.
- Creating favorable conditions for trade enterprises on the basis of foreign capital.
- Increasing the involvement of foreign and domestic investors in trade enterprises, and so on.

Research shows that the main mechanisms for the development of state regulation of trade services in the country are as follows. (Table 1)

Table 1.

#### Basic mechanisms of state regulation of trade services <sup>5</sup>

Economic	Organizational legal	Financial
1. Implement tax and price policies to increase the efficiency of trade services. 2. Ensuring employment at the expense of new jobs in trade enterprises. 3. Modernization of enterprises providing trade services and diversification of services. 4. Development of foreign economic trade relations. 5. Support for innovative products and expand the range of sales services.	1. Development of organizational management structure of enterprises providing trade services. 2. Development of organizational infrastructure of trade services based on innovations Establishment of training of intellectual personnel in the field of trade. 3. Government support for regional innovation programs for the development of trade services. 4. Strengthening the integration links between trade services and science. 5. Development of a digital information system for the provision of commercial services. 6. Establish international cooperation in the field of trade services. 7. Protection of interests and rights of entities engaged in trade services. 8. Corporate agreements on trade services and protection of intellectual property within the law.	1. Creating a favorable innovative financial environment for trade services. 2. Use of preferential lending system in trade. 3. Expansion of fiscal policy in the development of trade services 4. Giving incentives to investors in trade services and creating a favorable investment climate. 5. Effective use of public resources involved in trade

<sup>5</sup> Developed by the author.

According to the study, with the support of the state, the following work will be carried out to ensure a high level of quality and competitiveness in the field of trade services. Including:

1. Increasing the position of trade services in the foreign market, expanding the export of services and ensuring access to international quality certificates.
2. Satisfying the growing demand of the population for quality products, consumers will have more choice of quality goods.
3. The role of private entrepreneurs in the sale of quality products in the retail and wholesale sectors of the country will increase.
4. The rate of turnover of enterprises providing trade services will increase, and as a result, their quality control will increase as the income increases.
5. A favorable investment climate will be created for the implementation of high quality trade services, among others.

It should be noted that based on the results of international experience in our country and an in-depth study of the process of trade services in our country, it can be concluded that the main areas of state support and regulation of this sector are:

1. Improving the credit system in the field of trade services and the use of credit resources.
2. Improving the system of taxation and tax burden reduction.
3. Improving the logistics system in the field of trade services.
4. Organizational, administrative, economic and social improvement in trade.
5. Revision and improvement of legal and regulatory documents on trade services by the state.
6. Digitization of commercial services, innovations in the field, increasing the creation of new ideas, new developments, and protection of their authors (issuance of patents).
7. Provision of various benefits by the state to enterprises of all forms of ownership for trade services, provision of economic incentives, ensuring competitiveness.

Turning trade into a corruption-free sector, eliminating the "shadow economy," in particular, as noted in the New Development Strategy of the Republic of Uzbekistan for 2022-2026, "Reducing the share of the shadow economy in the service sector by 3 times. In order to increase the attractiveness of the services sector, the first priority is to provide additional benefits to businesses in the sector.<sup>6</sup>

8. The following conclusions have been reached in all areas of state regulation of trade services in Uzbekistan.

I. It is planned to provide the state with lending and credit resources for the provision of trade services in the country and to carry out the following work. Including:

- Continuity of trade services will be ensured through the development of credit funds.
- The loan will increase the possibility of saving costs by attracting new equipment and technologies to commercial enterprises.
- Economic growth of the trade sector will be ensured as a result of lending to commercial enterprises and the recovery of this debt through loans.
- Credit controls the activities of trade entities.

Bank loans and inter-farm credit between trade entities are important in the state regulation of trade services. At the same time, consumer loans are very important today due to the growing needs of the population. It is a loan for the purchase of consumer goods, which is organized on the basis of special regulations established by the state and provided to citizens by private entrepreneurs.

As a result of tax reforms and reduction of the tax burden, and on the basis of the benefits provided, foreign exchange reserves will be expanded as a result of comprehensive incentives for the export of goods in trade.

II. In the support and regulation of trade services by the state is important tax policy, ie the provision of tax guarantees and benefits to reduce the tax burden.

- Regulation of the trade sector through the tax system is based on the following, including:

<sup>6</sup> "Presidential Decree № PD 60 on January 28, 2022 "On the strategy for the development of the new Uzbekistan for 2022 - 2026

- As a result of reducing the tax burden, taxpayers (commercial service enterprises) will ensure the rapid growth of procurement demand through the efficient use of available funds.
- The simplification of the tax system will reduce tax rates, which in turn will create a favorable and guaranteed environment for private business and private capital in trade.
- Opportunities to attract foreign investment will be expanded on the basis of tax benefits provided to enterprises providing trade services.
- As a result of tax reforms and reduction of the tax burden, and on the basis of the benefits provided, foreign exchange reserves will be expanded as a result of comprehensive incentives for the export of goods in trade.

## Conclusion

The efficiency of the sector will be achieved through the improvement of the system of strengthening the material and technical base of state support for trade services. At the same time, the reforms carried out by the state will include the re-equipment of trade services on a modern basis (new terminals, new digital services).

- Creating an important objective logistical database of new sales agents, i.e. customers.
- Modern logistics facilities equipped with high technologies providing trade services will be formed.
- State programs will be developed to determine the future development of the material and technical base of trade services.

Using world experience, modern equipment, technology and necessary logistics equipment will be imported to provide world-class trade services.

It is important to carry out activities in the following areas of the organizational-administrative-economic system of state regulation of trade services. Including:

- Training of qualified personnel with higher education in the field of trade services will be established.
- Perspective business plans for trade services will be developed.
- Perspective business plans for trade services will be developed.
- The activity of regional trade clusters, shopping malls, which include a system of digital information and data on trade services, will be launched.

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